

Message Text

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ACTION EB-08

INFO OCT-01 EUR-12 NEA-10 IO-13 ISO-00 AGRE-00 CIAE-00
COME-00 INR-07 LAB-04 NSAE-00 SP-02 STR-05
TRSE-00 FRB-03 OMB-01 PA-01 PRS-01 USIA-06 /074 W
-----060233 121503Z /44

R 121021Z SEP 77
FM AMEMBASSY RABAT
TO SECSTATE WASHDC 3093
INFO AMEMBASSY BRUSSELS
AMEMBASSY TUNIS
AMCONSUL CASABLANCA
USMISSION GENEVA
AMEMBASSY PARIS

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GENEVA FOR PHELN
BRUSSELS FOR USEEC

E.O. 11652: N/A
TAGS: ETRD MO
SUBJECT: MOROCCAN TEXTILE EXPORTS TO EC; GOM MOVES TO EASE
THE BURDEN

REF: (A) STATE 209963, (B) RABAT 4866, (C) TUNIS 6343

SUMMARY: GOM MINISTER OF COMMERCE RETURNED FROM HIGH LEVEL
DISCUSSIONS IN PARIS AND BRUSSELS WITH TWO CONCESSIONS: (1)
GOM TO POLICE MOROCCAN TEXTILE EXPORTS TO EC, AND (2) MOROCCAN
TEXTILES MANUFACTURED FROM EC (MOSTLY FRENCH) MATERIALS TO BE
EXCLUDED FROM OVERALL EC RESTRAINT LEVELS. THESE CONCESSIONS,
HOWEVER, WILL DO LITTLE TO SOFTEN THE IMPACT (OF EC IMPORT
RESTRICTIONS) ON MOROCCAN TEXTILE INDUSTRY. EMBASSY PROPOSES
THAT RESPONSES TO MOROCCAN AND TUNISIAN REQUESTS FOR USG
SUPPORT FOR TEXTILE TRADE MISSIONS TO THE U.S. BE CLOSELY
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COORDINATED.

1. FOLLOWING HIS RETURN SEPTEMBER 2 FROM PARIS AND BRUSSELS
(REFTEL B), ABDELLATIF GHISSASSI, GOM MINISTER OF COMMERCE,
HELD LENGTHY PRESS INTERVIEW REPORTED IN FULL SEPT 6 IN
PRO-GOVERNMENT DAILY, "LE MATIN".

2. AFTER REVIEWING DETAILS OF HIS DISCUSSIONS WITH FRENCH AND EC OFFICIALS, GHISSASSI REPORTED THAT MOST OF THE DIFFERENCES BETWEEN GOM AND EC ON THE SUBJECT OF TEXTILE IMPORTS HAD BEEN RESOLVED. ONLY MAJOR EXCEPTION, ACCORDING TO GHISSASSI, IS PROBLEM OF SOME 700,000 MOROCCAN-MANUFACTURED SHIRTS ORIGINALLY INTENDED FOR EC MARKET.

3. AS TO SPECIFIC ACHIEVEMENTS, GHISSASSI REPORTED THAT GOM AND EC HAD REACHED AGREEMENT IN PRINCIPLE ON TWO MAJOR POINTS: FIRST, GOM WILL REGULATE MOROCCAN TEXTILE EXPORTS TO THE EC, THUS ALLOWING MOROCCAN EXPORTERS MORE FREEDOM OF OPERATION THAN UNDER AN IMPORT-LICENSING ARRANGEMENT, AS ORIGINALLY PROPOSED BY THE EC. SECOND, MOROCCAN TEXTILE EXPORTS THAT ARE MANUFACTURED FROM EC (MOSTLY FRENCH) MATERIALS WILL NOT BE CHARGED AGAINST OVERALL EC LIMITS.

4. GHISSASSI FURTHER NOTED THAT BILATERAL CONSULTATIONS BETWEEN THE EC AND GOM WOULD DETERMINE 1978 LIMITS FOR MOROCCAN TEXTILE EXPORTS TO EC. FINALLY, GHISSASSI REPORTED THAT TALKS WOULD BE HELD IN PARIS AND IN BRUSSELS BEGINNING SEPT 8 TO FINALIZE RESULTS OF HIS VISIT.

5. GHISSASSI'S INTERVIEW IS FIRST CLEAR INDICATION THAT GOM IS BEGINNING TO RECOVER FROM SHOCK INDUCED BY INITIAL FRENCH AND SUBSEQUENT EC-WIDE APPLICATION OF IMPORT RESTRICTIONS. LIMITED OFFICIAL USE

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MOROCCAN PRESS HAS RECENTLY MENTIONED GHISSASSI MISSION'S AWARENESS OF PRECARIOUS CONDITION OF FRENCH TEXTILE INDUSTRY AND SEEMS TO BE MOVING TOWARDS GRUDGING ACCEPTANCE OF THE NECESSITY FOR SOME FORM OF EC IMPORT RESTRICTIONS.

6. GHISSASSI MISSION SEEMS TO HAVE WON TWO CONCESSIONS FROM EC: (A) RIGHT TO HAVE GOM - AND NOT EC - POLICE MOROCCAN EXPORTS TO THE EC, AND (B) RIGHT OF GOM TO BE CONSULTED ON FUTURE LIMITATIONS OF MOROCCAN TEXTILE EXPORTS.

7. SINCE THE EC RESTRAINT LEVELS FOR TEXTILE IMPORTS FROM EAST AND SOUTH ASIA ALLOW FOR NO GROWTH WHATSOEVER IN COMPARISON TO THE 1976 TOTALS FOR THESE REGIONS, THE FACT THAT THE 1977 EC RESTRAINT LEVELS FOR MOROCCAN TEXTILE IMPORTS ALLOW FOR A MODEST INCREASE FROM 1976 TOTALS COULD BE REGARDED AS ANOTHER CONCESSION TO GOM. HOWEVER, MOROCCAN TEXTILE INDUSTRY WILL NOT BENEFIT FROM THIS "CONCESSION"; IF SHIPMENT OF KEY TEXTILE ITEMS TO EC WERE TO CONTINUE THROUGHOUT THE YEAR AT SAME RATE AS DURING THE FIRST 5 MONTHS OF CY 1977, THEY WOULD GREATLY EXCEED IN MOST CASES THE 1977 RESTRAINT LEVELS, AS ILLUSTRATED IN THE FOLLOWING TABLE FROM SEPTEMBER 6 EDITION OF "LE COURRIER ECONOMIQUE":

	EC RESTRAINT LEVELS	JAN-MAY 77 SHIPMENTS
BLOUSES	456,000	206,000
SHIRTS	1,184,000	934,000
PANTS	2,365,000	1,319,000
SHIRTS/DRESSES	437,000	270,000
T-SHIRTS	5,840,000	3,300,000

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8. RESTRICTIONS WILL IMPACT MOST SEVERELY ON MODERN RATIONALIZED PLANTS THAT HAVE BEEN DESIGNED LARGELY FOR EXPORT MARKET. POSSIBILITY OF INCREASED UNEMPLOYMENT AND RECESSION WITHIN TEXTILE INDUSTRY THUS APPEARS VERY REAL, GHISSASSI'S EFFORTS NOTWITHSTANDING.

9. COMMENT: EMBASSY HAS BEEN FOLLOWING EVENTS IN MOROCCAN TEXTILE INDUSTRY SOLELY ON BASIS OF PRESS REPORTS AND OTHER PUBLISHED SOURCES. WE HAVE SPECIFICALLY AVOIDED USING OFFICIAL GOM OR INDUSTRY CONTACTS TO PROBE MORE DEEPLY INTO PROBLEM FOR FEAR THIS MIGHT WELL ENCOURAGE RENEWED REQUESTS FOR USG TO SUPPORT PROPOSED TEXTILE TRADE MISSION TO U.S. AS DEPT AWARE, LATTER ISSUE HAS REMAINED DORMANT IN RABAT, BUT IS SUBJECT OF INTERMITTENT DISCUSSION WITH CONGEN CASABLANCA AT COMMERCIAL LEVEL. CONGEN CASABLANCA WILL USE GUIDANCE CONTAINED REFTEL (A) AS APPROPRIATE.

10. ON RELATED MATTER, WE READ WITH INTEREST AMEMBASSY
TUNIS' REVIEW OF TUNISIA'S TEXTILE PROBLEMS IN LIGHT OF EC
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ACTION (REFTEL C). WE NOTE, HOWEVER, THAT EMBASSY URGES
WASHINGTON SUPPORT FOR PROPOSED TUNISIAN TEXTILE MISSION TO
U.S. SINCE ANY FAVORABLE USG RESPONSE TO TUNISIANS WOULD
ALMOST CERTAINLY BECOME KNOWN HERE, EMBASSY/CONGEN COULD
BE PLACED IN DIFFICULT POSITION OF EXPLAINING WHY WE ARE
ADOPTING MUCH LESS FORTHCOMING APPROACH TO MOROCCANS. WOULD
APPRECIATE CONTINGENCY GUIDANCE FOR USE BY EMBASSY AND/OR
CONGEN AS SITUATION REQUIRES.
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